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~~SECRET CONFIDENTIAL 3 OCTOBER 1954~~

SAAR

## PROSPECTS FOR A FINAL FRENCH-GERMAN

STATE &amp; NSC reviews completed

AGREEMENT ON THE SAAR

I. ~~FUTURE~~ Implementation of London accord on West German rearmament

remains conditional on French-German settlement of Saar issue, left up in air by collapse of EDC.

A. Chancellor Adenauer and Mendes-France to seek ~~final~~ Saar agreement in personal meeting 19 October.

B. Mendes-France is just turning personal attention to complex Saar problem and single day his schedule allows for meeting seems dangerously short time for ~~THIS~~ settlement of thorny issues.

C. Before, during and after London, Mendes-France reiterated long-time French position ~~that~~ Saar settlement <sup>IS</sup> absolute prerequisite to approval German rearmament.

D. <sup>Both</sup> British and Dutch fear that failure to agree on Saar ~~disagreement as~~ may prove fatal snag for London accord.

## II. French-German discussions will presumably be based on so-called Adenauer-Teitgen agreement of May 1954 which provided:

A. Acceptance of most of Council of Europe plan for "Europeanization" of Saar, i.e. removing Saar from plane of French and German national rivalries by agreement to transform it into "European" territory under control of supra-national authority;

B. Formulas to get around disputed parts of Council's plan:

1. "Europeanization" to take place gradually in irrevocable stages beginning under existing Council of

~~Europe, ending under future European Political Community;~~

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ALL INFORMATION CONTAINED

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2. ~~Virtual continuation of present French-Saar economic union, with similar German-Saar relationship developing eventually;~~

3. ~~Compromise formula on permanency to satisfy French desire for "definitive" Saar settlement and still keep alive German hopes for revision if "Europeanization unsatisfactory.~~

III. Present French position on Saar

~~Though not of great public interest in France, Saar question remains a major parliamentary issue, especially as weapon for rightist groups.~~

A. ~~Widespread official assumption that final settlement can still be quickly reached on basis of Adenauer-Teitgen agreement, although latter tacitly assumed "EUROPEAN" policy French ratification of EDC~~

B. ~~Mendes-France has told Ambassador Dillon that he accepts this agreement, subject to "minor modifications" not yet specified.~~

3. ~~Mendes-France has several times suggested to Dillon in absence EDC that revised Brussels Treaty Organization might provide an alternative "European framework."~~

~~Though distrust of Mendes-France's basic intentions still persists among European statesmen, he seems more likely to cause trouble in 19 October meeting through inadvertence than deliberately.~~

① His personal relationship with Adenauer is unclear;  
② It was <sup>VERY POOR</sup> ~~highly unsatisfactory~~ at Brussels and London  
brought no real clarification.

2. ~~ACTIONS OF~~ Various key Foreign Ministry officials (e.g.)

Grandval, Berard, Parodi <sup>WHO ARE</sup> ~~are known to be hostile~~  
~~54 COMPROMISE AND~~  
~~to the Adenauer-Teitgen agreement on nationalistic-~~  
grounds.

a. Hence Mendes-France may well have been misled ~~THE~~  
~~PREMIER ON GERMAN ATTITUDES~~  
~~as to "minor modifications" he can now expect~~  
~~from Adenauer.~~

#### IV. Present German position on the Saar:

- A. In view of the temper of the West German Bundestag, since French defeat of EDC, Chancellor Adenauer will have some difficulty in getting the Teitgen-Adenauer understanding accepted.
- B. Prior to the London Conference, Adenauer told American officials he was prepared to settle the Saar problem on that basis, but he has since cast doubt on this position by declaring that he agreed with most of the Bundestag statements.
- C. Even if Adenauer still feels he can accept a settlement, he would probably want to put the Saar under control of the only supranational agency-- the Coal-Steel Community-- rather than under the Brussels organization ~~as proposed by Mendes-France.~~

(see below)

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III. Present German position on the Saar - Views death of  
EEC as nullifying 54 compromise, which envisioned  
steady development of integrated Europe.

A. Adenauer has evidently yielded coalition leaders  
who take harder line on previous political if not  
economic concessions.

1. On 12 Oct, Adenauer told Ambassador Conant  
he has given up all thoughts of "European"  
settlement of Saar "for time being." Stated,  
however, has "wide economic concessions in  
mind" and believes can easily reach agreement  
at 19 Oct meeting.

IV. Prospects for 19 Oct:

A. Since past Saar negotiations showed no promise  
until "European" concept was developed, Adenauer's  
rejection such solution gravely jeopardizes prospects  
for Saar settlement.

1. Adenauer now apparently cannot make even as  
many political concessions as were embraced in  
54 compromise.

B. Adenauer's emphasis on "economic concessions" begs  
major question:

1. French and Germans both primarily interested  
in settling political status of Saar;  
2. France already has complete economic control.

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SAAR -- BASIC DATA

*Separate card,  
please*~~CONFIDENTIAL~~A. Area: 994 sq. mi.B. Population: 900,000 -- practically all German.C. Approximate 1952 Coal and Steel production (in millions

<u>of tons)</u>	<u>SAAR</u>	<u>FRANCE</u>	<u>WEST GERMANY</u>
Coal	16.0	55.0	123.0
	16.4	52.6	124.5
Steel	2.8	10.8	15.0
	2.7	10.0	15.4

D. The importance of the Saar to France, in maintaining the 5-nation approximate economic equality with West Germany in/Coal-Steel Community is shown below.

(Figures indicate percentage of total CSC resources)

Saar alone: 8%

France alone: 24%

West Germany alone: 45%

FRANCE plus SAAR: 32% (vs 45% WEST GERMANY alone)

FRANCE without SAAR: 24% (vs 53% WEST GERMANY plus ~~SAAR~~)~~SECRET~~